

CLARITY GLOBAL SHARES FUND

Monthly Commentary

Global equity markets sold off in September amid a continued rise in bond yields to multi-decade highs, a sharp increase in crude oil prices and a continued rally in the US dollar. The Clarity Global Shares Fund recorded a negative return in September but outperformed its benchmark and broader equity markets.

The largest contributors to returns in September came from the energy sector including Valero Energy (+9%) and Eni (+8%). Both rallied with investor sentiment on the back of rising global oil prices. West Texas Intermediate (“WTI”) crude broke through \$90/bbl for the first time in a year. While the Federal Reserve’s rate hikes have helped curb inflation, factors like oil supply dynamics are outside of their control. Rising oil prices put the Fed’s attempts to engineer a soft landing for the economy in jeopardy. This puts upwards pressure on rates, and downward pressure on high multiple growth companies. The “Magnificent Seven” large cap tech companies gave back some returns after driving share market performance year-to-date. Nvidia (-12%), Apple (-9%) and Amazon (-8%) were notable detractors from performance during September. Boston-based portfolio manager MFS continues to hold a cautious market outlook, they see risks to the economic and earnings outlook over the coming quarters.

Performance

As at 30 September 2023	1 Mth	3 Mth	1 Yr	3 Yrs p.a.	5 Yrs p.a.	Since Inception p.a.
Clarity Global Shares Fund*	-3.7%	-0.8%	18.4%	13.0%	8.3%	9.4%
Benchmark Index**	-4.2%	-1.9%	16.6%	9.1%	7.6%	9.1%

*These returns are after deductions for charges and before tax. **Benchmark returns reflects no deduction for charges and tax. The Fund inception on 26 April 2017. Past performance is not necessarily indicative of future performance. The Quarterly Fund Update is available at <https://clarityfunds.co.nz/quarterly-fund-updates-and-commentaries>.

About the Clarity Global Shares Fund

The objective of the Clarity Global Shares Fund is to provide actively managed exposure to international equities and generate a better return than the benchmark¹ over the medium to long term. The Fund is actively managed with a value bias which means its holdings may differ considerably from the benchmark index. Clarity has appointed global investment manager MFS as the investment manager for the Fund. MFS has constructed the portfolio in consultation with Clarity and in accordance with the Fund’s objectives. Boston-based MFS, which began in 1924 as Massachusetts Investment Trust, started America’s first mutual fund. The strategy uses an actively managed approach and a consistent, disciplined, bottom-up stock selection and investment process that blends proprietary fundamental and quantitative research to build a well-diversified, large-cap core global portfolio.

¹the MSCI All Country World ex-Tobacco Index (net dividends reinvested), measured in NZ dollars, 50% hedged to NZ dollars.

If you have any questions, please contact us on +64 09 308 1450 or visit our website www.clarityfunds.co.nz

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